

## Message Text

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ACTION STR-05

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AF-10 ARA-10

EA-10 NEA-10 OIC-02 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05

L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15

ITC-01 TRSE-00 PRS-01 SP-02 SOE-01 OMB-01 DOE-12

USIE-00 NSCE-00 INRE-00 SSO-00 /144 W

-----117957 211927Z /40

O R 211636Z DEC 77

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC IMMEDIATE 4534

INFO USMISSION GENEVA

C O N F I D E N T I A L VIENNA 10862

GENEVA FOR USMTN

E.O. 11652: GDS

TAGS: ETRD, GATT, MTN

SUBJECT: DATE FOR TABLING MTN OFFERS

REF: (A) STATE 299518, (B) STATE 298259, (C) GENEVA 12244

1. WE HAVE CONVEYED MESSAGE IN REFTELS A AND B TO TRADE MINISTER STARIBACHER AND DISCUSSED ISSUE IN DETAIL WITH TRADE MINISTRY GATT DIRECTOR WILLENPART. WILLENPART CONFIRMED GOA INTENTION TO TABLE MTN OFFERS PROMPTLY, BUT SAID THAT LIMITED STAFF AVAILABLE AND DELAYS IN GETTING SERIOUS WORK UNDERWAY WOULD PRECLUDE COMPLETION BY WEEK OF JANUARY 15. HE HOPED TO BE READY BY ABOUT FEB. 1, BUT CAUTIONED THAT THIS WAS "HIS HOPE". HE EXPRESSED APPRECIATION FOR OUR EFFORTS WITH MINISTER STARIBACHER, WHICH SHOULD LEND WEIGHT TO OBTAINING COOPERATION ESSENTIAL FROM OTHER MINISTRIES AND AUSTRIAN ORGANIZATIONS.

2. WILLENPART SAID HE HAD HEARD REPORT THAT GATT DG LONG  
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WAS PLANNING INFORMAL MEETING TO MARK START OF INTENSIVE NEGOTIATIONS, AND HAD SO INFORMED STARIBACHER. ON BASIS OF ADDITIONAL INFORMATION WE CONVEYED HE SAID HE WOULD APPROACH STARIBACHER AGAIN, BUT OBVIOUSLY COULD NOT ASSURE THAT THE MINISTER WOULD GO TO GENEVA. WE SUGGESTED THAT IF THERE WAS NO POSSIBILITY THAT GOA WOULD HAVE ITS OFFERS READY TO TABLE BY MID-JANUARY, THEN GOA REP COULD CONTRIBUTE

TO PROCESS BY OUTLINING WHAT AUSTRIA INTENDED TO SET FORTH. WE ALSO URGED WILLENPART TO MAINTAIN CLOSE CONTACT WITH SEGALLA REGARDING CURRENT DEVELOPMENTS IN GENEVA, AND PROMISED TO PROVIDE PROMPTLY WHATEVER ADDITIONAL INFORMATION WE RECEIVED.

3. AS REPORTED REF C, WILLENPART SAID GOA TARIFF OFFER WOULD FOLLOW "SWISS PROFILE", BUT WOULD BE MARKED BY OTHER FACTORS AND PARAMETERS SPECIAL TO AUSTRIA. HE REPEATED GOA INTENTION TO MAKE OFFER SUBJECT TO EVENTUAL ACHIEVEMENT OF "GLOBAL RECIPROCITY". "SPECIAL FACTORS" AS DESCRIBED BY WILLENPART REFLECT PRIMARILY FACT THAT MTN FOR AUSTRIA MEANS NEGOTIATIONS WITH US AND (TO LESSER EXTENT) WITH JAPAN. ON BASIS DATA FOR FIRST 10 MONTHS OF 1977, 74 PERCENT AUSTRIAN IMPORTS AND 64 PERCENT OF EXPORTS ARE ACCOUNTED FOR BY EC AND EFTA COUNTRIES WITH WHICH THERE WILL BE NO FURTHER TARIFF NEGOTIATIONS. AN ADDITIONAL 9 PERCENT OF IMPORTS AND 14 PERCENT OF AUSTRIAN EXPORTS STEM FROM TRADE WITH CEMA COUNTRIES, WHICH RECEIVE MTN FROM AUSTRIA UNDER EXISTING BILATERAL AGREEMENTS, BUT FROM WHICH GOA BELIEVES NOTHING CAN BE OBTAINED IN RETURN. AUSTRIANS DO NOT EXPECT LDCS WILL OFFER ANY MEANINGFUL CONCESSIONS. WHAT REMAINS ARE US AND JAPAN, WHICH ACCOUNTED FOR ABOUT 4.5 PERCENT OF AUSTRIAN IMPORTS AND 3.5 PERCENT OF AUSTRIAN EXPORTS THIS YEAR.

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4. COMMENT. BECAUSE IT IS A SMALL COUNTRY HEAVILY DEPENDENT ON TRADE, WE SEE GOA COMMITMENT TO MTN AS STRONG. IN FACT, KEY OFFICIALS HAVE IN PAST EXPRESSED DISAPPOINTMENT WITH PROTRACTED DELAYS IN MTN PREPARATIONS WHILE NEW TRADE RESTRICTIONS WERE PROLIFERATING. GOA ALSO HAS TAKEN STEPS RECENTLY IN EFFORT TO STOP RAPID GROWTH IN AUSTRIAN TRADE DEFICIT (SEE VIENNA 9570) BUT SO FAR HAS AVOIDED QUANTITATIVE RESTRICTIONS IN LARGE PART OUT OF FEAR OF RETALIATION. IN ANY EVENT SOME PRODDING, AS SUGGESTED REF C, WILL BE HELPFUL IN KEEPING THINGS MOVING.

5. WILLENPART'S CHARACTERIZATION OF LIMITED ROOM FOR AUSTRIA TO NEGOTIATE IS CLEARLY A CRITICAL FACTOR, BUT DOES SEEM TO UNDERESTIMATE SOMEWHAT TRADE WITH OTHER COUNTRIES (E.G. IT EXCLUDES FAIRLY SIZEABLE TRADE WITH YUGOSLAVIA). ALSO, IT APPEARS TO BE LIMITED TO INDUSTRIAL GOODS TARIFFS. WE ARE NOT IN A POSITION TO ASSESS ACCURACY OF GOA PESSIMISM REGARDING WHAT MIGHT BE EXPECTED FROM NEGOTIATIONS WITH LDCS, BUT WOULD NOT EXPECT AUSTRIAN NEGOTIATORS TO BE AT ALL AGGRESSIVE HERE. AUTOMATIC EXTENSION OF CONCESSIONS NEGOTIATED TO CEMA COUNTRIES REMAINS A VERY SERIOUS PROBLEM FOR AUSTRIA -- ESPECIALLY SINCE

TRADITIONALLY FAVORABLE TRADE BALANCE WITH THAT AREA HAS  
BEEN DECLINING LATELY -- BUT NO ONE WE HAVE TALKED WITH  
IN GOA SEEMS TO HAVE NEW IDEAS ON WAYS TO EXACT ANYTHING  
IN RETURN, AND WE DOUBT STRONGLY THAT GOA WILL TAKE INITIA-  
TIVE HERE. HUNGARIANS ARE REPORTEDLY READY TO OFFER TARIFF  
CONCESSIONS BUT WILLENPART, AT LEAST, IS HIGHLY DOUBTFUL  
OF VALUE OF THESE. BORG

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## Message Attributes

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